

AMENDED IN SENATE JULY 2, 2003
AMENDED IN ASSEMBLY JUNE 3, 2003
AMENDED IN ASSEMBLY JUNE 2, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 457

Introduced by Assembly Member Negrete McLeod

February 14, 2003

An act to add and repeal Sections 20901.5 ~~and 20904.5~~, 20902.6, 20904.5, *and 31641.06* of, and to repeal, add, and repeal Section 20903.5 of, the Government Code, relating to public employees' retirement, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 457, as amended, Negrete McLeod. Public employees' retirement: early retirement incentives.

(1) The Public Employees' Retirement Law authorizes specified state, local, and school employees, *including state judicial and legislative employees*, upon a specified determination by their employer, to receive credit for an additional 2 years of service if those employees retire within a designated period and *certain* other conditions are met.

This bill would authorize specified state, ~~local~~, and school employees, *including state judicial and legislative employees, upon a specified determination by their employer* to receive credit for an additional 2 years of service and 2 years of age *and, in the case of local employees, upon that specified determination by their employer, to*

receive credit for up to 2 additional years of service or 2 additional years of age, or both, if those employees retire within a designated period, prior to January 1, 2005, and certain other conditions are met.

(2) Under the County Employees Retirement Law of 1937 a county board of supervisors may, by resolution making specified determinations, provide that members of the county's retirement system are eligible to receive up to 2 years of additional service credit if the members retire within a designated period and certain other conditions are met.

This bill would authorize a county board of supervisors, by resolution making specified determinations, to provide that members of the county's retirement system are eligible to receive up to 2 additional years of service credit or up to 2 additional years of age, or both, if the members retire within a designated period prior to January 1, 2005, and certain other conditions are met.

(3) The bill would declare that it is to take effect immediately as an urgency statute.

Vote: ~~majority~~ ^{2/3}. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 20901.5 is added to the Government
2 Code, to read:

3 20901.5. (a) Notwithstanding Section 20901 or 20902, or
4 any other provision of this part, an additional two years of service
5 and an additional two years of age shall be credited to a state
6 member, other than a school member, *but including a state*
7 *member described in Section 20324*, if the following conditions
8 exist:

9 (1) The member meets the service requirements of Section
10 21060 or 21074;

11 ~~(2) The member retires for service during the period designated~~
12 ~~by the Director of Finance, which period shall commence on a date~~
13 ~~after the effective date of this section and shall expire on a date~~
14 ~~prior to January 1, 2005. The Director of Finance shall make that~~
15 ~~designation within 15 days after the effective date of this section.~~

16 ~~(b) The state employer shall transmit to the retirement fund an~~
17 ~~and retires within the period designated in the memorandum of~~
18 ~~understanding or designated by the Department of Personnel~~

1 *Administration with respect to excluded employees, as provided in*
2 *paragraph (3).*

3 (2) *The state employer determines that the best interests of the*
4 *state would be served by encouraging the retirement of state*
5 *members and transmits to the retirement fund an amount*
6 *determined by the board that is equal to the actuarial equivalent of*
7 *the difference between the allowance the member receives after*
8 *the receipt of service and age credit under this section and the*
9 *amount the member would have received without that service and*
10 *age credit. The transfer to the retirement fund shall be made in a*
11 *manner and time period acceptable to the employer and the board.*

12 ~~(c) This section applies to all eligible excluded employees and~~
13 ~~all eligible represented employees of the state employer.~~

14 ~~(d)~~

15 (3) *This section has been made applicable to the employer and*
16 *the member pursuant to a memorandum of understanding between*
17 *the employer and the representative employee organization or,*
18 *with respect to excluded employees, the Department of Personnel*
19 *Administration has approved their inclusion in writing to the*
20 *board.*

21 (b) *The amount of service credit and additional age shall each*
22 *be two years regardless of credited service or age, but may not*
23 *exceed the number of years intervening between the date of the*
24 *member's retirement and the date the member would be required*
25 *to be retired because of age.*

26 ~~(e)~~

27 (c) *Any member who qualifies under this section, upon*
28 *subsequent reentry to this system, shall forfeit the age and service*
29 *credit acquired under this section.*

30 ~~(f)~~

31 (d) *This section is not applicable to any member otherwise*
32 *eligible if the member receives any unemployment insurance*
33 *payments arising out of employment with an employer subject to*
34 *this part during a period extending one year after the effective date*
35 *of this section or if the member is not eligible to retire without the*
36 *additional age or service credit available under this section.*

37 (e) *The agency or department shall certify to the Department*
38 *of Finance that it is its intention at the time that this section is made*
39 *operative that if any employees retire after receipt of credit for*
40 *additional service and age pursuant to this section, that any*

1 *vacancies created, or at least one vacancy in any position in any*
2 *department or other organizational unit, shall remain*
3 *permanently unfilled, thereby resulting in an overall reduction in*
4 *cost and in the workforce of the department or organizational unit.*

5 ~~(g)~~

6 *(f) This section shall remain in effect only until January 1,*
7 *2005, and as of that date is repealed, unless a later enacted statute,*
8 *that is enacted before January 1, 2005, deletes or extends that date.*

9 SEC. 2. *Section 20902.6 is added to the Government Code, to*
10 *read:*

11 *20902.6. (a) Notwithstanding Section 20902.5 or any other*
12 *provision of this part, an additional two years of service and an*
13 *additional two years of age shall be credited to state members who*
14 *are employed in an organizational unit of the judicial branch, if the*
15 *following conditions exist:*

16 *(1) The member meets the service requirements of Section*
17 *21060 or 21074.*

18 *(2) The member retires for service during the period designated*
19 *by the Chief Justice, which period shall commence on a date after*
20 *the effective date of this section and shall expire on a date prior to*
21 *January 1, 2005. The Chief Justice shall make that designation*
22 *within 15 days after the effective date of this section.*

23 *(3) The Chief Justice determines that the best interests of the*
24 *state would be served by encouraging the retirement of employees*
25 *of the judicial branch and agrees to transmit to the retirement fund*
26 *an amount determined by the board that is equal to the actuarial*
27 *equivalent of the difference between the allowance the member*
28 *receives after the receipt of service and age credit under this*
29 *section and the amount the member would have received without*
30 *that credit. The transfer to the retirement fund shall be made in a*
31 *manner and time period acceptable to the employer and the board.*

32 *(b) The amount of service credit acquired under this section*
33 *may not exceed the number of years intervening between the date*
34 *of the member's retirement and the date the member would be*
35 *required to be retired because of age.*

36 *(c) Any member who qualifies under this section, upon*
37 *subsequent reentry to this system shall forfeit the service credit*
38 *acquired under this section. Any member who qualifies under this*
39 *section is not eligible for additional service credit under Section*
40 *20902.5.*

1 (d) This section is not applicable to any member otherwise
2 eligible if the member receives any unemployment insurance
3 payments arising out of employment with an employer subject to
4 this part during a period extending one year beyond the first day
5 of the period designated by the Chief Justice pursuant to
6 paragraph (2) of subdivision (a) or if the member is not eligible to
7 retire without the additional credit available under this section.

8 (e) The Chief Justice shall certify that it is his or her intention
9 at the time that this section is made operative that if any employees
10 retire after receipt of credit for additional service and age pursuant
11 to this section, that any vacancies created, or at least one vacancy
12 in any position in any department or other organizational unit,
13 shall remain permanently unfilled, thereby resulting in an overall
14 reduction in cost and in the workforce of the department or
15 organizational unit.

16 (f) This section shall remain in effect only until January 1,
17 2005, and as of that date is repealed, unless a later enacted statute
18 that is enacted before January 1, 2005, deletes or extends that date.

19 SEC. 3. Section 20903.5 of the Government Code is repealed.

20 ~~SEC. 3.~~

21 SEC. 4. Section 20903.5 is added to the Government Code, to
22 read:

23 20903.5. (a) Notwithstanding Section 20903 or any other
24 provision of this part, ~~an additional two years of age shall be~~
25 ~~credited to a local member, if the following conditions exist:~~

26 ~~(1) The local member is eligible to retire under Section 21060,~~
27 ~~21061, or 21062.~~

28 ~~(2) The member retires within the period designated by the~~
29 ~~governing body of the contracting agency, which period shall~~
30 ~~commence on a date after the effective date of this section and shall~~
31 ~~expire on a date prior to January 1, 2005. The governing body of~~
32 ~~the contracting agency shall make that designation within 15 days~~
33 ~~after the effective date of this section.~~

34 ~~(b) The governing body shall~~ provision of this part, when the
35 governing body of a contracting agency, other than a school
36 employer, determines that the best interests of the agency would be
37 served by encouraging the retirement of local members, the
38 governing body may adopt a resolution, pursuant to a
39 memorandum of understanding between the employer and the
40 representative employee organization, to grant employees of the

1 *contracting agency up to two years of additional service credit or*
2 *credit for up to two additional years of age, or both, awarded in*
3 *whole year increments, if the following conditions exist:*

4 *(1) The local member is eligible to retire and retires within the*
5 *period designated in and subsequent to the effective date of the*
6 *resolution, or any additional period or periods designated in any*
7 *subsequently adopted resolution of the governing body of the*
8 *contracting agency.*

9 *(2) The governing body agrees to transmit to the retirement*
10 *fund an amount determined by the board that is equal to the*
11 *actuarial equivalent of the difference between the allowance the*
12 *member receives after the receipt of service and age credit under*
13 *this section and the amount he or she would have received without*
14 *that service and age credit. The transfer to the retirement fund shall*
15 *be made in a manner and time period acceptable to the employer*
16 *and the board and shall be made with respect to all eligible*
17 *employees who retire during the designated period.*

18 ~~*(e) This section applies to all eligible excluded employees and*~~
19 ~~*all eligible represented employees of the contracting agency.*~~

20 ~~*(d) the board. The governing body may elect that the manner*~~
21 ~~*and time period of payment may be conducted pursuant to*~~
22 ~~*subdivision (b) of Section 20903.*~~

23 *(b) The additional credit provided under this section may not*
24 *be provided to management employees unless it is also provided*
25 *to nonrepresented and represented employees of the same job*
26 *classification, department or other organizational unit.*

27 *(c) The amount of service credit and additional age shall each*
28 ~~*be two years*~~ *the amount determined by the governing body*
29 *regardless of credited service or age, but may not exceed the*
30 *number of years intervening between the date of the member's*
31 *retirement and the date the member would be required to be retired*
32 *because of age.*

33 *(d) A governing body that elects to make the payment*
34 *prescribed by paragraph (2) of subdivision (a) shall make the*
35 *payment with respect to all eligible employees who retire during*
36 *the specified period.*

37 *(e) Any member who qualifies under this section, upon*
38 *subsequent reentry to this system, shall forfeit the age and service*
39 *credit acquired under this section.*

(f) This section is not applicable to any member otherwise eligible if the member receives any unemployment insurance payments arising out of employment with an employer subject to this part during a period extending one year beyond the date of the resolution or if the member is not eligible to retire without the additional age or service credit available under this section.

(g) *The governing body shall certify that it is its intention at the time that this section is made operative that if any employees retire after receipt of credit for additional service or age, or both, pursuant to this section, that any vacancies created, or at least one vacancy in any position in any department or other organizational unit, shall remain permanently unfilled, thereby resulting in an overall reduction in cost and in the workforce of the department or organizational unit.*

(h) *A member receiving additional service and age credit pursuant to this section is not eligible for any other early retirement incentive provided in any other statute.*

(i) This section shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date.

~~SEC. 4.~~

SEC. 5. Section 20904.5 is added to the Government Code, to read:

20904.5. (a) Notwithstanding Section 20904 or any other provision of this part, *when the county superintendent of schools or chancellor of a community college district determines that the best interests of the district would be served by encouraging the retirement of school members, the superintendent or chancellor may adopt a resolution to grant all school members employed by the district an additional two years of service credit and credit for an additional two years of age shall be credited to a school member,* if the following conditions exist:

(1) The member is eligible to retire ~~under Section 21060.~~

~~(2) The member retires within the period designated by the superintendent or chancellor, which period shall commence on a date after the effective date of this section and shall expire on a date prior to January 1, 2005. The superintendent or chancellor shall make that designation within 15 days after the effective date of this section.~~

1 ~~(b)~~ and retires within the period designated in and subsequent
2 to the effective date of the contract amendment.

3 (2) The superintendent or chancellor ~~shall~~ agrees to transmit to
4 the retirement fund an amount determined by the board that is
5 equal to the actuarial equivalent of the difference between the
6 allowance the member receives after the receipt of service and age
7 credit under this section and the amount he or she would have
8 received without the service and age credit. The transfer to the
9 retirement fund shall be made in a manner and time period
10 acceptable to the employer and the board and shall be made with
11 respect to all eligible employees who retire during the designated
12 period.

13 ~~(c) This section applies to all eligible excluded employees and
14 all eligible represented employees of the district.~~

15 ~~(d) employer and the board.~~

16 (b) The amount of service credit and additional age shall each
17 be two years regardless of credited service or age, but may not
18 exceed the number of years intervening between the date of the
19 member's retirement and the date he or she would be required to
20 be retired because of age.

21 ~~(e)~~

22 (c) A superintendent or chancellor that elects to make the
23 payment prescribed by paragraph (2) of subdivision (a) shall make
24 the payment with respect to all eligible employees who retire
25 during the specified period.

26 (d) Any member who qualifies under this section, upon
27 subsequent reentry to this system, shall forfeit the age and service
28 credit acquired under this section.

29 ~~(f)~~

30 (e) This section is not applicable to any member otherwise
31 eligible if the member receives any unemployment insurance
32 payments arising out of employment with an employer subject to
33 this part during a period extending one year after the date of the
34 resolution or if the member is not eligible to retire without the
35 additional age or service credit available under this section.

36 ~~(g)~~

37 (f) This section shall remain in effect only until January 1,
38 2005, and as of that date is repealed, unless a later enacted statute,
39 that is enacted before January 1, 2005, deletes or extends that date.

1 SEC. 6. Section 31641.06 is added to the Government Code,
2 to read:

3 31641.06. (a) When the board of supervisors, by resolution,
4 determines that because of an impending curtailment of service or
5 change in the manner of performing service, savings of money, or
6 other economic benefit resulting to the county, the best interests of
7 the county would be served, a member shall be eligible to receive
8 additional service credit or credit for additional age, or both, if the
9 following conditions exist:

10 (1) The member is employed in a job classification, county
11 department, or other county organizational unit included in the
12 resolution adopted by the board of supervisors.

13 (2) The member retires on or between dates specified by the
14 board of supervisors in its resolution. In no event shall the
15 specified period exceed 180 days.

16 (3) The county transmits to the retirement fund an amount
17 determined by the board of retirement that is equal to the actuarial
18 equivalent of the difference between the allowance the member
19 receives after the receipt of service or age credit, or both, under this
20 section and the amount the member would have received without
21 that credit. The transfer to the retirement fund shall be made in a
22 manner and time period acceptable to the county and the board of
23 retirement.

24 (b) The additional credit provided under this section may not
25 be provided to management employees unless it is also provided
26 to nonrepresented and represented employees of the same job
27 classification, department or other organizational unit.

28 (c) The amount of additional credit for service or age, or both,
29 provided under this section shall be that amount as the board of
30 supervisors determines but may not be more than two years of
31 additional service and two years of additional age, awarded in
32 whole year increments, regardless of credited service and may not
33 exceed the number of years intervening between the date of the
34 member's retirement and the date the member would be required
35 to be retired because of age.

36 (d) A county that elects to make the payment prescribed by
37 subdivision (a) shall make that payment with respect to all eligible
38 employees who retire during the period specified by the board of
39 supervisors.

1 (e) This section is not applicable to any member otherwise
2 eligible if the member receives any unemployment insurance
3 payments during the period six months prior to the period specified
4 pursuant to subdivision (a). This section is not applicable to any
5 member who is not eligible to retire without the additional service
6 or age credit available under this section.

7 (f) This section is not applicable in any county until it is
8 adopted by ordinance of the board of supervisors. Any county may
9 adopt or readopt this section from time to time as conditions may
10 warrant. This section is not applicable in any district whose
11 employees are members of the system pursuant to Section 31557
12 until it is adopted by ordinance by the governing body of the
13 district. Any district whose employees are members of the system
14 pursuant to Section 31557 may adopt or readopt this section from
15 time to time as conditions warrant.

16 (g) Any member who qualifies under this section shall, upon
17 subsequent reentry to county employment, forfeit the additional
18 age and service credit acquired under this section, unless the
19 reentry is a result of a temporary callback limited to a maximum
20 of 720 hours of service in any one year.

21 (h) A member receiving additional service and age credit
22 pursuant to this section is not eligible for additional service credit
23 provided pursuant to Section 31461.04.

24 (i) This section is not subject to the provisions of Chapter 10
25 (commencing with Section 3500) of Division 4 of Title 1.

26 (j) The governing body shall certify that it is its intention at the
27 time that this section is made operative that if any employees retire
28 after receipt of credit for additional service or age, or both,
29 pursuant to this section, that any vacancies created, or at least one
30 vacancy in any position in any department or other organizational
31 unit, shall remain permanently unfilled, thereby resulting in an
32 overall reduction in cost and in the workforce of the department or
33 organizational unit.

34 (k) This section shall remain in effect only until January 1,
35 2005, and as of that date is repealed, unless a later enacted statute
36 that is enacted before January 1, 2005, deletes or extends that date.

37 SEC. 7. This act is an urgency statute necessary for the
38 immediate preservation of the public peace, health, or safety
39 within the meaning of Article IV of the Constitution and shall go
40 into immediate effect. The facts constituting the necessity are:

1 *In order to realize the economies resulting from the early*
2 *retirement of state, local, and school employees, and to thereby*
3 *ameliorate the budget shortfall in the 2003–04 fiscal year, it is*
4 *necessary that this act take effect immediately.*

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